

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Economic Development Corp - City of Flint	County Genesee
Audit Date 6/30/05	Opinion Date 11/15/05	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

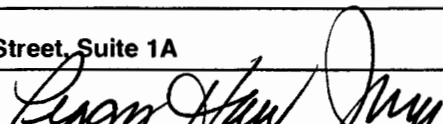
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Plante & Moran, PLLC			
Street Address 111 East Court Street, Suite 1A		City Flint	State MI
Accountant Signature 		ZIP 48502	Date 12/28/05

Financial Statements
Economic Development Corporation
of the City of Flint
Flint, Michigan
June 30, 2005
with *Independent Auditors' Report*

**Economic Development Corporation
of the City of Flint
For the Fiscal Year Ended June 30, 2005**

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**Economic Development Corporation
of the City of Flint
June 30, 2005**

Appointed Officials

Mayor Donald Williamson

President and Chairman

Mr. William Shedd

Vice President and Assistant Treasurer

Mr. Marshall Sanders

Treasurer and Assistant Secretary

Ms. Jean Conyers

Secretary

Ms. Donna Dodds Hamm

Mr. Lawrence Ford

Flint City Councilman, Johnnie Coleman

Flint City Councilman, Matthew Schlinher

Independent Auditors' Report

Board of Directors
Economic Development Corporation
of the City of Flint
Flint, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Economic Development Corporation of the City of Flint (EDC), a component unit of the City of Flint, as of and for the year ended June 30, 2005, which collectively comprise EDC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of EDC's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Flint Economic Development Corporation, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 8 and 32 and 33, respectively are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Plante & Moran PLLC

November 15, 2005

**Economic Development Corporation
of the City of Flint
Management's Discussion and Analysis**

As management of the Economic Development Corporation (EDC), we offer readers of the EDC financial statements this narrative overview and analysis of the financial activities. This section of the City of Flint EDC's annual financial report presents our discussion and analysis of the EDC's financial performance during the fiscal year that ended on June 30, 2005. Please read it in conjunction with the EDC's financial statements, which follow this section.

Financial Highlights

- The EDC total net assets at June 30, 2005 decreased by \$96,908 to \$1,348,056 from the June 30, 2004's total net assets of \$1,444,964.
- A total of \$793,690 is restricted in the EDC for the revolving loan program which is an increase of \$11,407 over the prior restricted balance of \$782,283.

Overview of the Financial Statements

This annual report consists of two parts: 1) management's discussion and analysis (this section) and 2) the basic financial statements. The basic financial statements (part 2) include two kinds of statements that present different views of the EDC:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the EDC's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Economic Development Corporation, reporting the EDC's operations in more detail than the government-wide statements.

The EDC has two types of fund financial statements:

- Governmental fund statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the EDC operates like businesses.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Table 1 summarizes the major features of the EDC's financial statements and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Table 1 Major Features of the Economic Development Corporation's
Government-wide and Fund Financial Statements
Fund Statements**

<u>Type of Statements</u>	<u>Government-wide</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire EDC	The activities of the EDC that are not proprietary	Activities the EDC operates similar to private businesses.
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Economic Development Corporation as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the EDC's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the EDC's net assets and how they have changed. Net assets – the difference between the EDC's assets and liabilities – is one way to measure the EDC's financial health or position. Over time, increases or decreases in the EDC's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Economic Development Corporation, you need to consider additional non-financial factors such as changes in the EDC's percentage of occupied offices, and the condition of EDC's buildings.

The government-wide financial statements of the EDC are divided into two categories:

- Governmental activities – EDC’s basic services for economic development are included here. Administrative fees help to finance these activities. The City of Flint covers any financial shortfall in these activities.
- Business-type activities – The EDC’s Oak Business Center is the only business type activity. The Oak Business Center leases office space to customers and obtains income to help cover the costs of the services it provides.

Fund Financial Statements

The fund financial statements provide more detailed information about the EDC’s most significant funds – not the EDC as a whole. Funds are accounting devices that the EDC uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law but the EDC can establish other funds to control and manage money for particular purposes for example, to show that it is properly using certain grants.

The EDC has two kinds of funds:

- Governmental funds – Most of the EDC’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the EDC’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them. The EDC has two active governmental funds, the General Operations Fund and the State Revolving Loan Fund (RLF). The Business Assistance Program (BAP) Fund was closed during fiscal year 2005.
- Proprietary funds – Services for which the EDC charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the EDC’s enterprise fund (one type of proprietary fund) is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The EDC’s enterprise fund is commonly referred to as the Oak Business Center.

Analysis of Government-wide Financial Statements

Summary of Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current assets	\$1,045,998	\$1,243,636	\$ 14,805	\$ 13,477	\$1,060,803	\$1,257,113
Noncurrent assets:						
Restricted assets	-	-	-	-	-	-
Capital assets	-	-	606,169	670,310	606,169	670,310
Total assets	<u>1,045,998</u>	<u>1,243,636</u>	<u>620,674</u>	<u>683,787</u>	<u>1,666,972</u>	<u>1,927,423</u>
Current liabilities	252,308	440,000	66,608	42,459	318,916	482,459
Long-term liabilities	-	-	-	-	-	-
Total liabilities	<u>252,308</u>	<u>440,000</u>	<u>66,608</u>	<u>42,459</u>	<u>318,916</u>	<u>482,459</u>

Summary of Condensed Statement of Net Assets – (continued)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Net assets:						
Invested in capital assets - net of related debt	-	-	606,169	670,310	606,169	670,310
Restricted	793,690	782,283	-	-	793,690	782,283
Unrestricted (deficit)	-	21,353	(51,803)	(28,982)	(51,803)	(7,629)
Total net assets	<u>\$793,690</u>	<u>\$803,636</u>	<u>\$554,366</u>	<u>\$641,328</u>	<u>\$1,348,056</u>	<u>\$1,444,964</u>

The government-wide financial analysis focuses on the first two statements in the report, which are the Statement of Net Assets, and the Statement of Activities. The EDC's total assets at June 30, 2005 and 2004 were \$1,666,972 and \$1,927,423, respectively, which includes net capital assets of \$606,169 and \$670,310, respectively; liabilities of \$318,916 and \$482,459, respectively, and net assets for all activities of \$1,348,056 and \$1,444,964, respectively. At the close of the most recent fiscal year, net assets decreased by \$96,908 from last year's net assets. Of the \$1,348,056 and \$1,444,964, respectively, of net assets, \$606,169 (45%) and \$670,310, (46%) is invested in capital assets (e.g. land, buildings, and equipment). There is no debt related to the capital assets.

Summary of Condensed Income Statement

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue						
Program revenue:						
Charges for services	\$ 23,691	\$ 18,862	\$ 92,960	\$ 97,418	\$ 116,651	\$ 116,280
General revenue:						
Extraordinary item	-	-	-	28,683	-	28,683
Interest	20,466	12,876	-	22	20,466	12,898
Miscellaneous	-	2,075	-	-	-	2,075
Transfers	(40,329)	-	40,329	-	-	-
Transfer from primary government	-	62,065	-	-	-	62,065
Total revenue	<u>3,828</u>	<u>95,878</u>	<u>133,289</u>	<u>126,123</u>	<u>137,117</u>	<u>222,001</u>
Program expenses						
Economic Development	<u>13,774</u>	<u>34,805</u>	<u>220,251</u>	<u>211,687</u>	<u>234,025</u>	<u>246,492</u>
Total program expenses	<u>13,774</u>	<u>34,805</u>	<u>220,251</u>	<u>211,687</u>	<u>234,025</u>	<u>246,492</u>
Change in net assets	<u>(9,946)</u>	<u>61,073</u>	<u>(86,962)</u>	<u>(85,564)</u>	<u>(96,908)</u>	<u>(24,491)</u>
Net assets – beginning of year	<u>803,636</u>	<u>742,563</u>	<u>641,328</u>	<u>726,892</u>	<u>1,444,964</u>	<u>1,469,455</u>
Net assets – end of year	<u>\$793,690</u>	<u>\$803,636</u>	<u>\$554,366</u>	<u>\$641,328</u>	<u>\$1,348,056</u>	<u>\$1,444,964</u>

Total EDC expenses of \$234,025 exceeded total program revenues of \$116,651, resulting in a net expense of \$117,374. General revenues of \$20,466 reduced the overall decrease in net assets to \$96,908.

Analysis of Governmental Funds Financial Statements

Governmental Funds, (everything but Oak Business Center), are reported in the third and fourth statements in the report, which are the Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balances. As stated previously, the EDC has three governmental funds, General Operations, State Revolving Loan Fund (RLF) and the Business Assistance Program (BAP). Two of three funds continue to have fund balances. The BAP fund balance is zero. The entire fund equity of \$683,358 in the State RLF is reserved for economic development activity, which is up \$10,258 from the prior year.

Revenues of \$43,008 in the Governmental Funds, is a decrease in revenues from the prior year of \$93,177. The key elements in the revenue decrease are a decrease in the contribution from the primary government of \$62,065, which was offset by a \$2,754 increase in administrative fees and \$11,217 increase in interest income.

Analysis of Proprietary Fund Financial Statements

The Proprietary fund is reported in the fifth, sixth and seventh statements of the annual report which are the Statement of Net Assets, Statements of Revenue, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flow. The Proprietary fund records the activity of the Oak Business Center. The net assets of the Oak Business Center are \$514,037 which decreased by \$127,291 from the prior year. Net fixed assets of \$606,169 are offset by an unrestricted operating deficit of \$92,132 for total net assets of \$514,037.

The Oak Business Center received insurance proceeds from a roof collapse that was shown as extraordinary revenue in 2004.

The Oak Business Center recorded a \$127,291 net loss in the current year, an increase of \$41,727 over the prior year's net loss.

Governmental Activities

Expenses:

- The cost of all *governmental* activities for June 30, 2005 and 2004 was \$13,774 and \$34,805, respectively.
- Of the total cost for June 30, 2005 and 2004, \$23,691 and \$18,862, respectively, was paid by those who directly benefited from the programs.
- The City subsidized certain programs for June 30, 2005 and 2004 with grants totaling \$-0- and \$62,065, respectively.

Business-Type Activities

Revenues of the EDC's business-type activities decreased to \$92,960. Expenses increased to \$220,251. A primary factor contributing to the increase in expenses was the increase in depreciation.

Financial Analysis of the Economic Development Corporation's Funds

As the EDC completed the year, its governmental funds reported a *combined* fund balance of \$723,687, \$29,234 higher than last year.

Bond Ratings

Moody's has rated the City of Flint's general obligation, unlimited tax rating at Ba3, and has rated limited tax debt at B1.

At year-end the EDC did not have any bonds and notes outstanding.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget.

Differences between the final budget and actual expenditures can be briefly summarized as follows:

- \$16,412 budgeted expense over actual professional services expense (mainly the result of termination of Great Lakes, a company previously hired to perform administrative services for EDC)

Capital Asset and Debt Administration

EDC's investment in capital assets for its business type activities as of June 30, 2005, amounts to \$606,169 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, and machinery and equipment. The total decrease in EDC's investment in capital assets for the current fiscal year was 9.6%.

Economic Factors and Next Year's Budgets

The unemployment rate for the City of Flint is currently 6.0% which is an improvement from a rate of 1.9% a year ago. The 2006 budget was adopted prior to the start of the 2006 fiscal year.

Contacting the EDC's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the EDC's finances and to demonstrate the EDC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Flint's Finance Department, 1101 South Saginaw Street, Flint, MI 48502.

**Economic Development Corporation
of the City of Flint
Statement of Net Assets
June 30, 2005
With Comparative Totals for the Year Ended June 30, 2004**

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2005	2004
Assets				
Cash and cash equivalents	\$ 148,598	\$ 200	\$ 148,798	\$ 145,357
Cash held with agent	281,953	-	281,953	352,608
Investments	480,081	-	480,081	472,448
Receivables:				
Loans, net of allowances	102,010	-	102,010	99,935
Leases (net of allowance - 2005-\$115,973 and 2004-\$106,372)	-	14,605	14,605	13,277
Accrued interest	8,323	-	8,323	9,248
Due from primary government	-	-	-	164,240
Internal Balances	25,033	(25,033)	-	-
Capital assets (net of accumulated depreciation)	-	606,169	606,169	670,310
Total assets	1,045,998	595,941	1,641,939	1,927,423
Liabilities				
Accounts payable	-	8,576	8,576	2,056
Fire deposits payable	-	22,005	22,005	22,005
Deferred Revenue	-	2,286	2,286	-
Due to primary government	252,308	-	252,308	451,390
Restricted liabilities - deposits payable	-	8,708	8,708	7,008
Total liabilities	252,308	41,575	293,883	482,459
Net Assets				
Invested in capital assets	-	606,169	606,169	670,310
Restricted for revolving loan program	793,690	-	793,690	782,283
Unrestricted (deficit)	-	(51,803)	(51,803)	(7,629)
Total net assets	\$ 793,690	\$ 554,366	\$ 1,348,056	\$ 1,444,964

**Economic Development Corporation
of the City of Flint
Statement of Activities
For the Year Ended June 30, 2005**

Functions/Programs	Program Revenues		Net Expense and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government						
Governmental activities:						
Economic development	\$ 13,774	\$ 23,691	\$ -	\$ 9,917	\$ -	\$ 9,917
Total governmental activities	13,774	23,691	-	9,917	-	9,917
Business-type activities						
Economic development	220,251	92,960	-	-	(127,291)	(127,291)
Total business-type activities	220,251	92,960	-	-	(127,291)	(127,291)
Total primary government	\$ 234,025	\$ 116,651	\$ -0-	9,917	(127,291)	(117,374)

General revenues:			
Interest	20,466	-	20,466
Transfers	(40,329)	40,329	-
Total general revenues	(19,863)	40,329	20,466
Change in net assets	(9,946)	(86,962)	(96,908)
Net assets - beginning	803,636	641,328	1,444,964
Net assets - ending	\$ 793,690	\$ 554,366	\$ 1,348,056

See notes to financial statements.

**Economic Development Corporation
of the City of Flint
Balance Sheet
Governmental Funds
June 30, 2005 and 2004**

	Governmental Fund Types			Totals	
	General	Special	Special		
	Operations	Revenue State RLF	Revenue BAP	2005	2004
Assets					
Cash and cash equivalents	\$ -	\$ 148,598	\$ -	\$ 148,598	\$ 145,157
Cash held with agent	227,082	54,871	-	281,953	352,608
Investments	193	479,889	-	480,082	472,448
Receivables:					
Contracts	-	102,010	-	102,010	99,935
Accrued interest	-	8,322	-	8,322	9,248
Due from other funds	25,033	-	-	25,033	-
Due from primary government	-	-	-	-	164,240
Total assets	\$ 252,308	\$ 793,690	\$ - 0 -	\$ 1,045,998	\$ 1,243,636
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,956
Due to primary government	252,308	-	-	252,308	438,044
Deferred revenue	-	110,332	-	110,332	109,183
Total liabilities	252,308	110,332	-	362,640	549,183
Fund balances					
Reserved for economic development activity	-	683,358	-	683,358	673,100
Unreserved-undesignated	-	-	-	-	21,353
Total fund balances	-	683,358	-	683,358	694,453
Total liabilities and fund balances	\$ 252,308	\$ 793,690	\$ - 0 -		\$ 1,243,636

Amounts reported for governmental activities in the statement of net assets are different because:

Long term receivables are not available to pay for current expenditures, and therefore, are deferred in the funds

Net assets of governmental activities (page 9)

<u>110,332</u>
<u>\$ 793,690</u>

See notes to financial statements.

**Economic Development Corporation
of the City of Flint
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005
With Comparative Totals for June 30, 2004**

	General Operations	Special Revenue State RLF	Special Revenue BAP	Totals	
				2005	2004
Revenues					
Interest	\$ 2,249	\$ 17,003	\$ 2,140	\$ 21,392	\$ 10,175
Administrative fees	21,616	-	-	21,616	18,862
Contributions from primary government	-	-	-	-	62,065
Miscellaneous	-	-	-	-	2,075
Total revenues	23,865	17,003	2,140	43,008	93,177
Expenditures					
Current - economic development					
Professional services	4,889	6,577	-	11,466	29,864
Accounting and legal	-	-	-	-	4,500
Bank fees	-	168	-	168	142
Loans	-	-	-	-	50,000
Miscellaneous	-	-	2,140	2,140	300
Total expenditures	4,889	6,745	2,140	13,774	84,806
Excess (deficiency) of revenues over expenditures	18,976	10,258	-	29,234	8,371
Other financing sources (uses)					
Operating transfers in	-	-	-	-	4,353
Operating transfers out	(40,329)	-	-	(40,329)	(4,353)
Total other financing sources (uses)	(40,329)	-	-	(40,329)	-
Change in fund balance	(21,353)	10,258	-	(11,095)	8,371
Fund balance - beginning of year	21,353	673,100	-	694,453	686,082
Fund balance - end of year	\$ - 0 -	\$ 683,358	\$ - 0 -	\$ 683,358	\$ 694,453

See notes to financial statements.

**Economic Development Corporation
of the City of Flint
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (11,095)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	<u>1,149</u>
Change in net assets of governmental activities (page 9)	<u><u>\$ (9,946)</u></u>

See notes to financial statements.

**Economic Development Corporation
of the City of Flint
Statement of Net Assets
Oak Business Center - Proprietary Fund
For the Years Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 200	\$ 200
Receivables:		
Leases (net of allowance - 2005-\$115,973 and 2004-\$106,372)	<u>14,605</u>	<u>13,277</u>
Total current assets	<u>14,805</u>	<u>13,477</u>
Capital assets (net of accumulated depreciation)	<u>606,169</u>	<u>670,310</u>
Total assets	<u><u>\$ 620,974</u></u>	<u><u>\$ 683,787</u></u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 8,576	\$ 100
Fire deposit payable	22,005	22,005
Deposits payable	8,708	7,008
Deferred revenue	2,286	-
Due to other funds	25,033	-
Due to primary government	<u>-</u>	<u>13,346</u>
Total current liabilities	<u>66,608</u>	<u>42,459</u>
Net Assets		
Invested in capital assets	606,169	670,310
Unrestricted (deficit)	<u>(51,803)</u>	<u>(28,982)</u>
Total net assets	<u>554,366</u>	<u>641,328</u>
Total liabilities and net assets	<u><u>\$ 620,974</u></u>	<u><u>\$ 683,787</u></u>

See notes to financial statements.

**Economic Development Corporation
of the City of Flint**
Statements of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund Type (Enterprise Fund) - Oak Business Center
For the Years Ended June 30, 2005 and 2004

	2005	2004
Operating revenues		
Lease income	\$ 92,596	\$ 96,162
Miscellaneous income	364	1,256
Total operating revenues	<u>92,960</u>	<u>97,418</u>
Operating expenses		
Utilities	44,981	38,119
Repairs and maintenance	13,468	18,598
Telephone	3,426	3,740
Depreciation	70,333	50,612
Management contract	44,606	56,309
Insurance	28,082	35,815
Office supplies	2,550	782
Bad debt expense	11,890	7,040
Equipment rental	139	522
Professional services	-	150
Total operating expenses	<u>219,475</u>	<u>211,687</u>
Operating loss	<u>(126,515)</u>	<u>(114,269)</u>
Nonoperating revenues and (expenses)		
Transfer in	40,329	-
Interest (expense) revenue	(776)	22
Total nonoperating revenue	<u>39,553</u>	<u>22</u>
Net loss before extraordinary items	<u>(86,962)</u>	<u>(114,247)</u>
Extraordinary items		
Proceeds from insurance	-	28,683
Net gain from extraordinary items	<u>-</u>	<u>28,683</u>
Decrease in net assets	<u>(86,962)</u>	<u>(85,564)</u>
Net assets - beginning of year	<u>641,328</u>	<u>726,892</u>
Net assets - end of year	<u><u>\$ 554,366</u></u>	<u><u>\$ 641,328</u></u>

See notes to financial statements.

**Economic Development Corporation
of the City of Flint
Statement of Cash Flows
Proprietary Fund Type (Enterprise Fund) - Oak Business Center
For the Years Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Cash flow from operating activities:		
Receipts from customers	\$ 81,664	\$ 84,488
Miscellaneous receipts	364	1,256
Payments to suppliers	<u>(115,389)</u>	<u>(147,087)</u>
Net cash used in (provided by) operating activities	<u>(33,361)</u>	<u>(61,343)</u>
Cash flow from noncapital financing activities:		
Transfers in	<u>40,329</u>	<u>-</u>
Cash flow from capital activities:		
Purchase of capital assets	<u>(6,192)</u>	<u>(27,953)</u>
Cash flows from investing activities:		
Interest paid	(776)	22
Proceeds from insurance	<u>-</u>	<u>28,683</u>
Net cash used in (provided by) investing activities	<u>(776)</u>	<u>28,705</u>
Net decrease in cash and equivalents	-	(60,591)
Cash and equivalent balances at beginning of year	<u>200</u>	<u>60,791</u>
Cash and equivalent balances at end of year	<u>\$ 200</u>	<u>\$ 200</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (126,515)	\$ (114,269)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	70,333	50,612
Changes in assets and liabilities:		
Receivables, net	(1,327)	(4,634)
Accounts payable	8,475	(4,753)
Deposits	1,700	(1,645)
Deferred Revenue	2,286	-
Due to other funds	25,033	-
Due to primary government	<u>(13,346)</u>	<u>13,346</u>
Net cash used by operating activities	<u>\$ (33,361)</u>	<u>\$ (61,343)</u>

See notes to financial statements.

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

I. Summary of significant accounting policies

The accounting policies of the EDC conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

A. Reporting entity:

The Economic Development Corporation of the City of Flint (EDC) was incorporated on June 14, 1978, under the provision of Act 338 of the Public Acts of 1974, as amended, for the following purposes: to alleviate and prevent conditions of unemployment, to assist and retain local industries and commercial enterprises, to strengthen and revitalize the economy of the State of Michigan and particularly the City of Flint, to provide the means and methods for encouragement and assistance of industrial and commercial enterprises in locating and expanding in the State of Michigan and particularly in the City of Flint, and to encourage the relocation and expansion of commercial enterprises to more conveniently provide needed services and facilities to the commercial enterprises, to the City of Flint and residents thereof.

One means of accomplishing these purposes is through the use of lease contracts with commercial and industrial enterprises (see Note V. D). According to the terms of the lease contracts, the EDC agrees to issue revenue bonds, the proceeds from which will be used to finance a project benefiting the commercial or industrial enterprise, and the enterprise agrees to make lease payments equal to the bond principal and interest payments. The revenue bonds are payable solely from the net revenues derived from the project, and the bonds are collateralized by a mortgage on the project and the lease contract. Since each bond issued by the EDC is payable solely from the net revenues derived from the related project through lease payments, and since the bonds are not a general obligation of the EDC, the bonds and related lease contracts have not been reflected in the financial statements of the EDC.

Scope of reporting entity:

The accompanying financial statements are exclusive presentations of the financial condition and results of operations of the Economic Development Corporation of the City of Flint and its component units, entities for which the EDC is financially accountable. The EDC is considered a "component unit" of the City of Flint's governmental operation. As a result, governmental reporting standards require the City to include the financial activities of the EDC in the city's Annual Financial Report. The Annual Financial Report of the City of Flint is available for public inspection at City Hall.

The EDC assists the City of Flint's Department of Community Development in administering various revolving loan fund programs. However, since the EDC does not control the bank accounts of these programs, the transactions are not reported in the financial statements of the EDC, but rather in the City's financial statements.

Brownfield Redevelopment Authority component unit:

On July 28, 1997, the City Council of the City of Flint created the Brownfield Redevelopment Authority (Authority). The Authority was established to be under the supervision and control of a Board consisting of the board of directors of the Economic Development Corporation of the City of Flint. The Authority has the powers and duties to the full extent as provided by and in accordance with Act 381 of the Public

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

I. Summary of significant accounting policies - (continued)

A. Reporting entity: - (continued)

Brownfield Redevelopment Authority component unit: - (continued)

Acts of the State of Michigan of 1996. The Authority was also responsible for creating a Brownfield plan for the Brownfield Redevelopment Zone. The duration of the plan is thirty years. The Brownfield Authority is considered a component unit of the EDC and is reported within this financial statement. The Authority has not had any financial activity since its inception.

The director of the Authority is to be a City staff person acting as agent for the Brownfield Redevelopment Authority and is covered under the City's insurance and bonding policy.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The EDC reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

State Revolving Loan Fund – This special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The fund currently accounts for state revolving loan grant funds held to provide loans to small businesses.

Business Assistance Program Fund – This special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to making and monitoring loans. The original monies to start this fund came from the City of Flint. This fund was closed during fiscal year 2005.

The EDC reports the following major proprietary fund:

Oak Business Center – This fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Oak Business Center Enterprise Fund is a small business incubator facility which leases commercial and light industrial space to new businesses.

Proprietary Funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The EDC has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Corporation's enterprise fund are charges to customers for leased space. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Bank deposits and investments

The EDC's cash and cash equivalents include cash on hand and saving deposits. The carrying amount of deposits is separately displayed on the financial statements as "cash and cash equivalents". Investments consist of money funds and are stated at fair value.

2. Cash held with agent

The City of Flint is the acting fiscal agent for EDC. The City of Flint holds cash on behalf of the EDC for operations.

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the *fiscal* year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Activity between the EDC and the City of Flint that are representative of lending/borrowing arrangements outstanding at the end of the *fiscal* year are referred to as either "due to/from the primary government (City of Flint).

All trade receivables, including those for Oak Business Center tenants, are shown net of an allowance for uncollectibles. Trade accounts receivable for non-current tenants and current tenants over 90 days comprise the trade accounts receivable allowance for uncollectibles of \$115,973.

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity - (continued)

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the EDC is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20
Building improvements	20
Machinery equipment	5

5. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

6. Comparative data/reclassifications

Comparative total data for the prior year have been presented for all governmental funds and proprietary funds.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, management believes any such difference would not be material to the financial statements taken as a whole.

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

II. Reconciliation of government-wide and fund financial statements

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets.

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities.

III. Stewardship, compliance, and accountability

Budgetary information:

Annual budgets were adopted after the fiscal year began on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. State law requires that a budget be adopted annually prior to the beginning of the fiscal year for the general and special revenue funds. Budget appropriations lapse at year end. The original budgets were not amended during the year.

The following individual funds incurred expenditures in excess of appropriations:

	<u>Final Budget</u>	<u>Actual</u>	Actual Over Final Budget
Business Assistance Program fund:			
Expenditures-Contributions	\$ -0-	\$ 2,140	\$ 2,140

IV. Detail notes on all funds

- A. Deposits and investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The EDC has designated Citizens Bank and Smith Barney for the deposit of its funds.

The EDC's cash and investments are subject to the below detailed risk.

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

IV. Detail notes on all funds – (continued)

A. Deposits and investments – (continued)

Custodial credit risk of bank and brokerage house deposits:

Custodial credit risk is the risk that in the event of a bank or brokerage house failure the EDC's deposits and investments may not be returned to it. The EDC does not have a policy for custodial credit risk.

The EDC's deposits consists of various checking and savings accounts. Investments consist of money funds. The following is the detail of those accounts:

	<u>Carrying Amount</u>
Insured (SIPC)	\$480,081
Insured (FDIC)	100,000
Uninsured, uncollateralized	<u>48,798</u>
Total	<u><u>\$628,879</u></u>

Deposits and investment at June 30, 2005, are reflected on the balance sheet of the Corporation as follows:

Cash and cash equivalents	\$148,798
Investments	<u>480,081</u>
	<u><u>\$628,879</u></u>

B. Receivables

1. Business Assistance Program - revolving loan fund

The EDC had a special revenue fund to account for the \$210,000 in funds provided by the City of Flint for the Business Assistance Program. This program was established to allow the EDC to pursue its goals and objectives in expanding and stimulating business development and expansion within the City of Flint. All repayment proceeds (principal) were due back to the City at the termination of the program. The program terminated in fiscal year 2005.

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

IV. Detail notes on all funds

B. Receivables – (continued)

2. Loans receivable - State Revolving Loan Fund

The following is a summary of outstanding EDC State Revolving Loan Fund loans at June 30, 2005:

<u>Loan Date</u>	<u>Original Loan</u>	<u>Payments Received Prior Periods</u>	<u>Principal Payments Received 06-30-05</u>	<u>Bad Debt Allowance</u>	<u>Balance at 06-30-05</u>	<u>Terms</u>
11/06/87	\$ 20,000	\$ 17,486	\$ -	\$ 2,514	\$ -	10% -5 years
03/11/02	52,010	-	-	-	52,010	8.75% - 10 years
11/03/03	50,000	-	-	-	50,000	7% - 2 months
02/04/02	75,000	-	-	75,000	-	10% - 1 year
Total	\$197,010	\$ 17,486	\$ -0-	\$ 77,514	\$ 102,010	

The \$75,000 is a loan guarantee to Standard Federal Bank on behalf of Flint Sports Connection, Inc. (Recipient). The Recipient was to meet the Lender's terms and conditions so as to cause the assets that secure the debt to be unencumbered by the Lender no later than April 4, 2003. Interest was due from the Recipient at 10% or \$625 per month starting March 1, 2003. To the date of this report, no interest has been paid by the recipient to the EDC. The recipient has since ceased operations and an allowance has been recorded for the loan receivable due to the uncertainty of collection.

3. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Long-term notes receivables	\$102,010	\$ -	\$102,010
Long-term notes receivables accrued interest	8,322	-	8,322
Total deferred/unearned revenue for governmental funds	\$110,332	\$ -0-	\$110,332

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

IV. Detail notes on all funds – (continued)

C. Capital assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities:				
Capital assets, not being depreciated:				
Land	\$ 93,860	\$ -	\$ -	\$ 93,860
Total capital assets, not being depreciated	93,860	-	-	93,860
Capital assets, being depreciated:				
Buildings	514,782	-	-	514,782
Improvements other than buildings	680,385	6,192	-	686,577
Machinery and equipment	17,046	-	-	17,046
Total capital assets being depreciated	1,212,213	6,192	-	1,218,405
Less accumulated depreciation for:				
Buildings	389,690	27,798	-	417,488
Improvements other than buildings	229,200	42,362	-	271,562
Machinery and equipment	16,873	173	-	17,046
Total accumulated depreciation	635,763	70,333	-	706,096
Total capital assets, being depreciated, net	576,450	(64,141)	-	512,309
Proprietary activities capital assets, net	\$ 670,310	\$ (64,141)	\$ -0-	\$606,169

Fixed assets purchased through TIFA funds:

During the year ending June 30, 1989, the Tax Increment Finance Authority (TIFA) of the City of Flint contributed \$760,000 to the EDC to enable the EDC to purchase the Oak Business Center, a small business incubator facility. TIFA contributed an additional \$343,642 during the years ended June 30, 1991 through 2000 for capital improvements to the Oak Business Center. The EDC is managing the facility and is accounting for its operations in the Oak Business Center Enterprise Fund.

There are no capital assets used for governmental activities.

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

IV. Detail notes on all funds – (continued)

D. Interfund receivables, payables, and transfers

Due to/from primary government (City of Flint) and component units (EDC) at June 30, 2005 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government - Public Improvement Fund	Component unit - General Fund	<u>\$252,308</u>

Due to/from funds within EDC at June 30, 2005 is as follows:

General Fund	Oak Business Center	<u>\$ 65,362</u>
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There were no transfers between funds over reporting period.

E. Oak Business Center unrestricted net asset deficit

Oak Business Center is currently incurring operating losses. Management has reviewed these losses and has plans to modify rental rates for fiscal year 2006 as well as receive operating contributions from the City of Flint.

V. Other information

A. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government. The EDC did not receive any grant funding in 2005, but grants expended prior to the current year are still subject to grantor compliance monitoring. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

B. Risk management

The EDC is exposed to various risks of loss to property loss, and torts. The EDC has purchased commercial insurance for tort claims and certain property damage and theft. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

V. Other information – (continued)

C. Contributed material and services

The City of Flint provides administrative services to the EDC, acting as its fiscal agent.

No amounts have been reflected in the statements for contributed materials or services as no objective basis is available to measure the value of such goods and services.

D. Lease contracts and bonds

As of June 30, 2005, the Corporation had issued thirty-one bonding projects, as described in Note 1. Following are details of each bond issue:

Project: Parking Ramp

Amount of issue: \$4,000,000

Date of issue: June 1979

Rate and terms: 8.5%; 30 years

Project: Electronics Firm

Amount of issue: \$525,000

Date of issue: November 26, 1980

Rate and terms: 9 3/4% ceiling - 6% floor actual rate,
floats at 2/3 of prime rate; 15 years

Project: Bowling Center

Amount of issue: \$1,200,000

Date of issue: December 1, 1980

Rate and terms: 9%; 15 years

Project: Industrial Lift Trucks

Amount of issue: \$900,000

Date of issue: December 16, 1980

Rate and terms: 9 1/4%; 20 years

Project: Plumbing Supply Firm

Amount of issue: \$450,000

Date of issue: March 30, 1981

Rate and terms: 65% of prime; 15 years

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

V. Other information – (continued)

D. Lease contracts and bonds - (continued)

Project: Retail Mall

Amount of issue: \$645,000

Date of issue: May 18, 1981

Rate and terms: 8.5%; 14 years

Project: Office Development Center

Amount of issue: \$550,000

Date of issue: July 7, 1981

Rate and terms: 8.5%; 20 years

Project: Realty Office Construction

Amount of issue: \$360,000

Date of issue: November 20, 1981

Rate and terms: 13%; 25 years

Project: Plumbing Supply Firm

Amount of issue: \$100,000

Date of issue: March 30, 1981

Rate and terms: 65% of prime; 5 years

Project: Office Development Center

Amount of issue: \$200,000

Date of issue: July 7, 1981

Rate and terms: 8.5%, 10 years

Project: Nursing Home

Amount of issue: \$3,600,000

Date of issue: December 1, 1982

Rate and terms: 12 1/2%; 28 years

Project: Medical Clinic

Amount of issue: \$550,000

Date of issue: November 1, 1982

Rate and terms: 11%; 20 years

Project: Investment Company

Amount of issue: \$330,000

Date of issue: October 1, 1983

Rate and terms: 66 2/3% of prime; 14 years

Project: Accounting Firm

Amount of issue: \$230,000

Date of issue: December 1, 1983

Rate and terms: 75% of prime; 20 years

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

V. Other information – (continued)

D. Lease contracts and bonds - (continued)

Project: Plumbing Supply Wholesaler
Amount of issue: \$500,000
Date of issue: December 12, 1983
Rate and terms: 11%; 12 years

Project: Oil Processing
Amount of issue: \$2,000,000
Date of issue: December 1, 1983
Rate and terms: 75% of prime; 14 years

Project: Manufacturing
Amount of issue: \$5,500,000
Date of issue: December 1, 1983
Rate and terms: 95% of prime; 10 years

Project: Accounting Firm
Amount of issue: \$270,000
Date of issue: December 1, 1983
Rate and terms: 75% of prime; 7 years

Project: Manufacturing
Amount of issue: \$1,000,000
Date of issue: October 1, 1984
Rate and terms: 68% of prime; 3 years
70% of prime; 3 years
72% of prime; 5 years

Project: Retail and Office Development
Amount of issue: \$900,000
Date of issue: November 29, 1985
Rate and terms: Greater of 85% of prime or 7%; 10 years

Project: Manufacturing
Amount of issue: \$1,132,000
Date of issue: July 1, 1986
Rate and terms: 80% of prime; 20 years

Project: Health Care Facilities
Amount of issue: \$804,000
Date of issue: December 31, 1988
Rate and terms: 66% of (prime + 1)
+ .3 percentage points; 20 years

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

V. Other information – (continued)

D. Lease contracts and bonds - (continued)

Project: Health Care Facilities
Amount of issue: \$2,100,000
Date of issue: December 31, 1988
Rate and terms: 66% of (prime +1)
+ .3 percentage points; 7 years

Project: Counseling Facilities
Amount of issue: \$1,950,000
Date of issue: December 31, 1988
Rate and terms: 66% of (prime + 1)
+ .3 percentage points; 20 years

Project: Health Care Facilities
Amount of issue: \$2,945,210
Date of issue: August 1, 1993
Rate and terms: 66% of prime
+ 30 basis points, 10 years

Project: Manufacturing
Amount of issue: \$1,975,000
Date of issue: December 1, 1993
Rate and terms: Variable (lower floater pricing); 15 years

Project: Educational Facility
Amount of issue: \$7,000,000
Date of issue: July 1, 1994
Rate and terms: 75% of Bond Buyer Revenue
Bond index rate; 20 years

Project: Educational Facility
Amount of issue: \$2,500,000
Date of issue: February 1, 1997
Rate and terms: 75% of Bond Buyer Revenue
Bond index rate; 20 years

Project: Manufacturing
Amount of issue: \$2,800,000
Date of issue: September 27, 1997
Rate and terms: Variable; 9 years

**Economic Development Corporation
of the City of Flint
Notes to Financial Statements
June 30, 2005**

V. Other information – (continued)

D. Lease contracts and bonds - (continued)

Project: Manufacturing
Amount of issue: \$7,500,000
Date of issue: December 1, 1998
Rate and terms: Variable

Project: Health Care Facilities
Amount of issue: \$12,835,000
Date of issue: August 15, 2001
Rate and terms: Variable, \$245,000 in 2008
balance 2022

E. EDC designation

The City of Flint has designated the EDC as the City's agent for purposes of managing, preserving, enhancing, and marketing all of the unoccupied commercial and industrial properties owned by the City so that said properties may be managed, preserved, enhanced, and marketed by the EDC for use in commercial and industrial projects.

A separate Revolving Building Fund is to be established to be used to account for the funds raised by the sale of any such properties. No sales or property resulting in proceeds to the EDC have occurred since the designation. Since the fund is inactive, it has not been reported in the financial statements.

Required Supplementary Information

**Economic Development Corporation
of the City of Flint
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2005**

	<u>General Operations</u>			
	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 22,750	\$ 22,750	\$ 23,865	\$ 1,115
Expenditures				
Current - economic development	21,301	21,301	4,889	16,412
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(20,000)	(20,000)	(40,329)	(20,329)
Total other financing sources (uses)	(20,000)	(20,000)	(40,329)	(20,329)
Net change in fund balance	(18,551)	(18,551)	(21,353)	(2,802)
Fund balance - beginning of year	21,353	21,353	21,353	-
Fund balance - end of year	<u>\$ 2,802</u>	<u>\$ 2,802</u>	<u>\$ - 0 -</u>	<u>\$ (2,802)</u>

Special Revenue - State RLF				Special Revenue - BAP			
Budget		Actual	Variance Favorable (Unfavorable)	Budget		Actual	Variance Favorable (Unfavorable)
Original	Final			Original	Final		
\$ 65,500	\$ 65,500	\$ 17,003	\$ (48,497)	\$ - 0 -	\$ - 0 -	\$ 2,140	\$ 2,140
673,250	673,250	6,745	666,505	-	-	2,140	(2,140)
-	-	-	-	-	-	-	-
(5,750)	(5,750)	-	5,750	-	-	-	-
(5,750)	(5,750)	-	5,750	-	-	-	-
(613,500)	(613,500)	10,258	623,758	-	-	-	-
673,100	673,100	673,100	-	-	-	-	-
\$ 59,600	\$ 59,600	\$ 683,358	\$ 623,758	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -